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SUBJECT: Sudan: Sadiq's First Six Months [REDACTED]

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Central Intelligence Agency



Washington, D. C. 20505

## DIRECTORATE OF INTELLIGENCE

29 September 1986

SUDAN: Sadiq's First Six Months [REDACTED]

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## Summary

The odds are about even that the Sadiq government will survive the year, but it will face growing opposition in the months ahead. Most northern Sudanese want the latest experiment in democracy to succeed, but endemic political factionalism and ethnic and religious divisions prevent Khartoum's new government from providing effective leadership. Sadiq's backing among the armed forces is tenuous, and his popular support will dwindle if the country's economic hardships are accompanied by more serious military setbacks. [REDACTED]

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Khartoum continues to delay major structural reforms of the economy while it searches desperately for aid from any willing donor. With aid prospects uncertain and a self-initiated economic rebound unlikely, the Sudanese economy will continue to deteriorate. [REDACTED]

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The Sadiq government has so far escaped major strikes despite the erosion of consumer purchasing caused by an inflation rate of 70 percent. Nevertheless, if donor aid falters in the next few months and stocks of food and petroleum dwindle, student and labor groups are likely to band together with a growing underclass of refugees in Khartoum to instigate major civil unrest. [REDACTED]

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The need to resolve the southern rebellion and attract foreign credit is nudging Khartoum toward

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[redacted]

stances that are at variance with US regional interests. Circumstances are driving Khartoum to maintain a modus vivendi with Libya, restore relations with the Soviet Union, and loosen the Egyptian-Sudanese alliance fostered by former President Nimeiri. [redacted]

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Prime Minister Sadiq believes his Washington visit will be critical for his future. He is convinced that the US owes him support because he gained office in a democratic election, one of the few such cases in Africa or the Middle East. It is Sadiq's view that if Washington is perceived as rebuffing his requests for assistance, his position at home will be at risk; in such circumstances, we believe he would move toward positions antagonistic to US interests. [redacted]

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Since taking office last April, Sadiq has concentrated on consolidating his political position rather than on Sudan's domestic problems. His major government policy speech to the Constituent Assembly in early July showed no inclination to propose tough solutions for the country's nagging problems. He buckled to northern Muslim pressure and alienated southerners by declaring that new Islamic laws would replace the old ones, and he failed to impress foreign donors by side-stepping economic reform and calling for a freeze on debt payment. [redacted]

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### Political Disarray

Sadiq has yet to solidify his position. Power-sharing arrangements between Sadiq's Umma Party, rooted in the Ansar sect, and its major coalition partner, the Democratic Unionists, headed by leaders of the rival Khatmiyyah sect, are barely surviving. Sadiq's efforts to gain more political control through constitutional amendments have met resistance from the Unionists who oppose a simple majority for passing legislation in the Assembly and cutting the powers of the Supreme Council which they head. Meanwhile, Sadiq has yet to implement plans to place loyalists in key ministerial positions. [redacted]

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Political factionalism will hinder effective leadership and stymie progress on Sudan's domestic problems. Not only does the prime minister face the challenge of maintaining discipline within his party and his coalition, but southern and Nuban parties walked out of the Assembly last July over the Islamic law issue and have not returned. Hasan al-Turabi's Muslim Brotherhood, in its capacity as the parliamentary opposition, is working aggressively to discredit the prime minister. Boycotts of the Assembly by feuding party members are becoming common, hindering the passage of legislation. [redacted]

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[redacted]

Sadiq realizes that he must get the armed forces on his side, but the current officer corps--a product of the Nimeiri period when the pro-Egyptian Khatmiyyah gained strength at the expense of the Ansar--has little personal loyalty to the prime minister. US Embassy reports indicate that most senior officers are sympathetic to the Democratic Unionists and the Muslim Brotherhood. [redacted]

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Sadiq's bold dismissal of five key military officers in early September probably succeeded in disrupting some coup plots, [redacted]

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We expect coup plotting--both within and outside the military--to increase. Officers affiliated with the Muslim Brotherhood, opposed to any retreat by Sadiq from commitment to Islamic law, will look for opportunities to move against him. [redacted]

[redacted]

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### The Economy in Shambles

The Sadiq government is postponing the introduction of urgently needed structural reforms and is, instead, opting for band-aid economic measures which it hopes will allow it to muddle through the near term. It appears convinced that major increases in financial assistance from sympathetic donors will still materialize, particularly in light of what the Sudanese perceive to be their importance to Western interests. [redacted]

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Khartoum's unwillingness to address repayment of arrears totaling nearly \$400 million owed to the IMF has stymied efforts to organize a new multilateral aid package for Sudan. Neither a Paris Club rescheduling nor a consultative group meeting is likely in the near term. Sudan is virtually bankrupt with debt obligations estimated at \$10.3 billion. [redacted]

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Despite the absence of a collective effort by donors, foreign aid has continued to trickle in from a variety of sources. For example, the United States has provided wheat and funds to purchase oil, and Libya and Saudi Arabia have provided substantial quantities of oil. This aid has been critical in preventing a total collapse of the government controlled economy, but its ad hoc nature forces the regime to exist on a month by

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month basis and prevents any coherent approach to budgetary planning. [redacted]

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Recent riots in western Sudan over price increases and food shortages may be a harbinger of future unrest. Khartoum's markets are currently full of local food produce and fuel supplies appear adequate but many imported goods are in short supply and are available only through the black market. Meanwhile, inflation is currently running at an annual rate of 70 percent, fueled by excessive government spending and by shortages of consumer and industrial goods. If food and fuel supplies dwindle and inflation soars, government bureaucrats, students, and workers--along with a growing underclass of refugees--may take to Khartoum's streets, generating the strikes and demonstrations such as those that brought down the Nimeiri regime. [redacted]

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### The Southern Quagmire

The conflict in the south--a factor in the fall of previous Sudanese regimes--is steadily weakening Sadiq's position.

[redacted] the war is costing almost 15 million dollars a month, a sum Khartoum can ill afford. Meanwhile, the poor military performance against John Garang's southern rebels weakens army morale [redacted]

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Sadiq's pursuit of a military solution against the Sudanese Peoples' Liberation Army--SPLA--is unlikely to succeed. [redacted]

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Despite the risks, Sadiq probably feels his only real option now is a military one. Amid rising rebel successes, Sadiq's attempts at diplomacy have failed. Talks last July with rebel leader Garang foundered over fundamental issues, then collapsed following the rebel shootdown of a civilian aircraft in August. A meeting with Ethiopian leader Mengistu failed to end Addis Ababa's support for the SPLA, owing largely to Khartoum's continuing funneling of support from other Arab states to northern Ethiopian insurgents. Sadiq's visit to Moscow in August yielded limited military aid and no Soviet promise to pressure its Ethiopian client or the SPLA on Khartoum's behalf. [redacted]

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From both a political and military angle, Sadiq probably reasons he can ill afford to lose more ground. A series of military setbacks is eroding whatever armed forces support he has. He may fear that continuing rebel victories might lead to secession of the three southern provinces, branding him as the leader who presided over Sudan's fragmentation--a painful prospect for the great grandson of the 19th century hero who symbolized Sudanese unity. [redacted]

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The prime minister thus is under great pressure to get assistance from any source. Since Sadiq's election, Sudan's traditional Arab allies--Egypt and Saudi Arabia--have been unwilling or unable to provide the direct military support he needs. Libya has backed Khartoum with aerial bombardments in the south--a Libyan bomber remains in Sudan for such operations--but Sadiq fears the political costs of military reliance on Tripoli. We believe Sadiq's attitude could shift if major setbacks in the south harden military sentiments against him.

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### Sadiq's International Strategy

The search for security and the need to isolate John Garang's SPLA are driving Sadiq's foreign policy. US aid is crucial for Khartoum, but the prime minister knows that Washington has little leverage with the rebels.

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Guided by the principle of nonalignment, the prime minister's strategy appears to involve edging away from what he has referred to as Nimeiri's Washington-Cairo-Khartoum "axis" and pursuing a neutral position in regional affairs. With a potentially hostile Libya to the west and an actively antagonistic, Soviet-backed Ethiopia to the east, this nonaligned approach, he probably reasons, might deflect from Khartoum the wrath of Washington's and Cairo's regional opponents. Beyond the security calculations, the prime minister probably feels that this strategy expands the field of potential donors for his military and economic needs.

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Egypt. Sadiq stays in contact with the Egyptians, but in recent months has raised issues designed to emphasize strains in the special relationship with Cairo. In a major policy address in early July, Sadiq stated that Egyptian-Sudanese economic and military ties will be reassessed; he has pressed Cairo to extradite Nimeiri. The Khartoum press also has denounced Egypt's alleged failure to pay trade debts to Sudan. In addition, Sadiq's endorsement of the PLO may be intended to outperform Cairo's support for the Palestinian cause and to erase whatever stain remains on Sudan's Arab credentials from its support for the Camp David accords and its role in transporting Ethiopian Jews to Israel last year.

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Libya. The prime minister is playing a delicate balancing act with Colonel Qadhafi. While seeking Qadhafi's continued assistance for both economic and political needs, Sadiq is evading the alliance that Qadhafi wants. The prime minister politely but firmly turned down Qadhafi's demand for Libyan-Sudanese union last month, as well as the demand for Khartoum's complete break with Egypt and the US. Sadiq understandably suspects Qadhafi of working against him, but he probably is counting on his own political skills, his coolness toward the Egyptian president, and his persistent antagonism toward

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Nimeiri--Qadhafi's avowed enemies--to manage the Libyan threat.

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Iran and Saudi Arabia. Sadiq has accepted Tehran's initiative to thaw the cold relations that existed under Nimeiri. Beside burnishing Sudan's nonaligned credentials, this move is an effort to diversify Khartoum's sources of petroleum. Sudan and Iran have agreed to exchange oil for commodities, and Sadiq is to visit Tehran in November. [ ]

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Sadiq may be hard pressed to explain his warming relations with Iran to the Saudis, however, whose petroleum and financial aid, estimated at \$160 to \$170 million in 1985, rose to about \$260 million in the first half of 1986. The Saudis consider Sadiq a pragmatist, who can balance relations with Libya, the USSR, Egypt, and the US. Because of the Iranian issue, however, they may consider curtailing or suspending aid until Khartoum's intentions become clearer. [ ]

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Ethiopia and the USSR. Ethiopian determination to undermine the Sadiq government through support of the SPLA will harden if Sadiq moves ahead [ ] to increase assistance to Ethiopian insurgents, to castigate Ethiopia in international forums, and to eventually withdraw the Sudanese ambassador from Addis Ababa. [ ]

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Sadiq's visit to Moscow last August was intended to signal Sudan's return to neutrality in the superpower competition, while he sought military and economic assistance and probed the Soviet's willingness to pressure Mengistu into curtailing support to the SPLA. Though disappointed with the results, Sadiq probably hopes that channels are now open for improved relations. [ ]

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Moscow, for its part, welcomed Nimeiri's overthrow. Yet, its treatment of Sadiq's visit was low key, and few commitments were made for either economic or military aid. The Soviets probably will move slowly in their relations toward a regime which they view as Western leaning and politically weak. [ ]

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#### What He'll Say in Washington and the Stakes for the US

Sadiq will come to Washington with two objectives in mind--gaining military support for his struggle against the southern rebels and breathing space from Sudan's economic problems. When requesting military assistance, he probably will portray the southern rebels as Ethiopian and Soviet-backed Marxists. Emphasizing his commitment to democracy, he will explain his nonalignment policy both in terms of its necessity for national security and its appeal to most Sudanese. He may argue that many of Sudan's current troubles with its neighbors stem from former President Nimeiri's total alignment with one camp, and will try to allay US concerns about his contacts with Libya. [ ]

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Sadiq will have some specific requests. On the military side, we expect him to request--among other items--transport aircraft, badly needed to resupply the beleaguered garrisons in the south. On the economic side, he will no doubt press for increased financial assistance and a commitment by Washington to help resolve Sudan's arrears problem with the IMF. [REDACTED]

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Perceptions of Sadiq's reception in Washington will either strengthen or weaken his position at home. Important political groups--particularly the Army--will be waiting to see what aid he brings back from Washington. In the wake of Sadiq's earlier and largely unsuccessful visit to Moscow, a general perception of US indifference to the prime minister most likely would further erode confidence in his leadership and encourage his civilian and military opponents. [REDACTED]

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